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In The

Supreme Court of the United States

OCTOBER TERM, 1975

No. 75-156

DALLAS CAP & EMBLEM MFG., INC.

Petitioners,

v.

BOSTON PROFESSIONAL HOCKEY ASSOCIATION, INC.,
NIAGARA FRONTIER HOCKEY CORP.,
CHARLES O. FINLEY & COMPANY, INC.,
CHICAGO BLACKHAWK HOCKEY TEAM, INC.,
THE DETROIT HOCKEY CLUB, INC.,
CALIFORNIA SPORTS INCORPORATED,
NORTHSTAR FINANCIAL CORPORATION,
MADISON SQUARE GARDEN CORPORATION,
THE PHILADELPHIA HOCKEY CLUB, INC.,
PITTSBURGH PENGUIN PARTNERS,
MISSOURI ARENA CORPORATION,
MAPLE LEAF GARDENS LIMITED,
MEDICAL INVESTMENT CORPORATION,
AND NATIONAL HOCKEY LEAGUE,

Respondents.

PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FIFTH CIRCUIT

D. CARL RICHARDS
WILLIAM D. HARRIS, JR.
ROGER C. CLAPP
2420 Republic Nat. Bank Tower
Dallas, Texas 75201
(214) 742-8013

J. MANUEL HOPPENSTEIN
3710 Republic Nat. Bank Tower
Dallas, Texas 75201
Attorneys for Petitioner.

SOUTHWESTERN LAW PRESS — DALLAS, TEXAS — (214) 742-4257

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Petitioner, Dallas Cap & Emblem, Mfg., Inc. respectfully prays that a Writ of Certiorari issue to review Judgment entered on April 7, 1975, by the United States Court of Appeals for the Fifth Circuit in its Cause No. 73-2592.

OPINIONS BELOW

The Opinion of the Fifth Circuit Court of Appeals is reported at 510 F.2d 1004 (5th Cir. 1975). The opinion, judgment and denial of petition for rehearing are reprinted in the Appendix at pages A-1, A-18 and A-19, respectively. The Opinion of the District Court for the Northern District of Texas is reported at 360 F. Supp. 459 (N.D. Tex. 1973), and it and the Judgment of the District Court are included in the Appendix at pages A-20 and A-37.

JURISDICTION

The Judgment of the Court of Appeals for the Fifth Circuit was made and entered on April 7, 1975. A Petition for Rehearing was denied by the Fifth Circuit Court of Appeals on June 4, 1975. The jurisdiction of this Court is invoked under 28 U.S.C. §1254(1).

QUESTIONS PRESENTED

1. Should the trademark laws of the United States be allowed to be used to protect a copyrightable symbol in perpetuity when the statutory copyright, which is of limited duration, has been clearly waived?

2. May a copyrightable symbol, on which copyright was clearly waived, serve as a basis for action under the trademark laws against one making and selling a reproduction of such symbol to the public, when the reproduction of the symbol itself is being sold entirely apart from any goods or services?

3. Did the 1962 amendment to Title 15 of the United States Code, §1114(1), make a substantive change in the trademark

law, whereby a registered mark may now extend to prohibit reproduction and sale to the public of a work of art which is sold alone apart from any goods or services, even though statutory copyright was waived on such work of art, and even though the purchasers are not likely to think that the reproduction is manufactured by or has any connection with the owner of the registered mark?

4. If the 1962 amendment to Title 15, §1114(1), does change the trademark law, is that change so substantial that the District Court's findings of fact can be ignored or set aside without a holding that such findings were clearly erroneous?

5. Does federal supremacy and preemption in the field of the copyright monopoly nevertheless permit a work of art on which copyright has been waived to be protected under state unfair competition law, when that work of art is sold as a thing in itself apart from goods or services, merely because the work of art was popularized by the trademark owner's use of the mark in connection with performing certain services?

CONSTITUTIONAL PROVISIONS AND STATUTES INVOLVED:

United States Constitution, Article I, §8, Clause 8:

> "To promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries;"

United States Constitution, Article VI, Clause 2:

> "This Constitution, and the Laws of the United States

which shall be made in Pursuance thereof; and all Treaties made, or which shall be made, under the Authority of the United States, shall be the supreme Law of the Land; and the Judges in every State shall be bound thereby, any Thing in the Constitution or Laws of any State to the Contrary notwithstanding."

15 U.S.C. §1114, in pertinent part:

"Any person who shall, without the consent of the registrant —

(a) use in commerce any reproduction, counterfeit, copy, or colorable imitation of a registered mark in connection with the sale, offering for sale, distribution, or advertising of any goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive;

* * *

shall be liable in a civil action by the registrant for the remedies hereinafter provided. . . . "

15 U.S.C. §1125(a):

"Any person who shall affix, apply, or annex, or use in connection with any goods or services, or any container or containers for goods, a false designation or origin, or any false description or representation, including words or other symbols tending falsely to describe or represent the same, and shall cause such goods or services to enter into commerce, and any person who shall with knowledge of the falsity of such designation of origin or description or representation cause or procure the same to be trans-

ported or used in commerce or deliver the same to any carrier to be transported or used, shall be liable to a civil action by any person doing business in the locality falsely indicated as that of origin or in the region in which said locality is situated, or by any person who believes that he is or is likely to be damaged by the use of any such false description or representation."

17 U.S.C. §1, in pertinent part:

"Any person entitled thereto, upon complying with the provisions of this title, shall have the exclusive right:

(a) To print, reprint, publish, copy, and vend the copyrighted work . . . . "

17 U.S.C. §10, in pertinent part:

"Any person entitled thereto by this title may secure copyright for his work by publication thereof with the notice of copyright required by this title; and such notice shall be affixed to each copy thereof published or offered for sale in the United States by authority of the copyright proprietor . . . . "

17 U.S.C. §19, in pertinent part:

"The notice of copyright required by section 10 of this title shall consist either of the word "Copyright," the abbreviation "Copr.," or the symbol "©," accompanied by the name of the copyright proprietor . . . . In the case however, of copies of works specified in subsections (f) to (k), inclusive, of section 5 of this title, the notice may consist of the letter C enclosed within a circle, thus ©,

accompanied by the initials, monogram, mark or symbol of the copyright proprietor: *Provided*, That on some accessible portion of such copies or of the margin, back, permanent base, or pedestal, or of the substance on which such copies shall be mounted, his name shall appear . . . ."

17 U.S.C. §24, in pertinent part:

"The copyright secured by this title shall endure for twenty-eight years from the date of first publication, whether the copyrighted work bears the author's true name or is published anonymously or under an assumed name . . . . The author of such work . . . shall be entitled to a renewal and extension of the copyright in such work for a further term of twenty-eight years when application for such renewal and extension shall have been made to the copyright office and duly registered therein within one year prior to the expiration of the original term of copyright . . . . "

STATEMENT OF THE CASE

Respondents, the National Hockey League and thirteen of its member teams brought this action against petitioner Dallas Cap and Emblem Mfg., Inc. to enjoin the petitioner from making and selling embroidered cloth emblems embodying the respondents' symbols. The respondents charged that the petitioner's reproduction of their symbols constituted (1) an infringement of the respondents' registered marks, except for the Toronto team which has no registered mark, in violation of 15 U.S.C. §1114; (2) unfair designation of origin as to all respondents in violation of 15 U.S.C. §1125; and (3) com-

mon law unfair competition. Respondents sued for injunctive relief and for damages on each claim. Jurisdiction in the District Court was based on 15 U.S.C. §§1121 and 1125(a), and 28 U.S.C. §§1338(a) and (b).

Each hockey team and the league have a symbol consisting of a pictorial design or motif. Respondents have waived copyright in the symbols in question (Def's Req for Adm No. 23 and Plf's response, DX 16 and 17). Respondents have merely registered their symbols as service marks for ice hockey entertainment services and, in two cases as trademarks for various goods. They have not secured copyright in their embroidered emblem products.

The individual respondent teams have in the past authorized certain manufacturers to use their marks in connection with the distribution and sale of products. The respondents have authorized National Hockey League Services, Inc. (NHLS) to act as their exclusive licensing agent for their names and symbols. NHLS has licensed various manufacturers to use the respondents' symbols on merchandise. Among the products so licensed are embroidered cloth emblems and various products upon which manufacturers may place cloth emblems.

Petitioner is a manufacturer of embroidered emblems. Petitioner, in its pursuit of the business of emblems manufacture, frequently reproduces the trademarks of a wide variety of companies for sale through retail and other channels. (Tr. 139-142 and DX 4, 5 and 6). The embroidered trademarks are sold as products (DX 4, 5 and 6). Unless the emblems to be reproduced are copyrighted, petitioner generally does not seek

any license or authority for such manufacture and sale (Plfs' Req for Adm No. 32 and Def's response, PX 2). Thus, petitioner has obtained license for the reproduction of embroidered cartoon characters where such characters were copyrighted (Tr. 143). Additionally, because a designation as the "official" emblem is of definite commercial value, petitioner has sought authorization in some cases to be a licensed emblem maker where no copyrights were in effect on such emblems. For this commercial reason, and without investigation of copyright status or legal advice as to respondents' rights, petitioner sought a license to produce the hockey team emblems (Plf's Req for Adm Nos. 33 and 35, and Def's response, PX 2).

Petitioner has not sold any merchandise accompanied by the emblems. It has sold only the emblems themselves, standing alone as products (Tr. 108-111). Petitioner does not apply the accused emblems to goods or services as a trademark or service mark. No attempt has been made by petitioner to represent to purchasers, or to anyone, that the emblems it sells emanated from respondents or are sponsored or approved in any manner by respondents or their teams. (Tr. 99, 145-146). Petitioner's sales are strictly of the uncopyrighted emblems themselves in the form of embroidered cloth patches. There is no evidence to indicate that any person has been confused by petitioner's offering of the uncopyrighted emblems or that anyone believes or is likely to believe that such emblems actually emanate from or are sponsored by or authorized by respondents.

The District Court denied respondents prayer for an injunction and damages on all counts finding no likelihood of

confusion as required by 15 U.S.C. §1114 as well as finding that the respondents' use of their symbols were functional and thus not a trademark use entitled to protection under the Lanham Act.

Finding that there was no likelihood of confusion as to the source of the emblem and that the marks did not serve as a designation of the origin of the emblems, the Court further concluded that there was no false designation of origin or false description in violation of 15 U.S.C. §1125.

As to respondents cause of action for unfair competition, the Court required that petitioner affix a label to the back of its emblems stating that the emblems were not authorized by the National Hockey League or its members to prevent the petitioner from trading on the respondents competitive advantage of producing the only "official" emblem.

On appeal by respondents, the Court of Appeals, in an opinion professing that a "case of first impression" was presented, reversed the District Court's decision finding the petitioner's actions to be in violation of 15 U.S.C. §§1114 and 1125. The reversal came in the face of the expressed recognition by the Fifth Circuit that the Court below had held, as a fact, that there was no likelihood of confusion as to source of origin. This finding was thought not to be controlling, as the Fifth Circuit believed the law had been materially changed by a 1962 amendment to 15 U.S.C. §1114(1). The Court further found that the petitioner's activities constituted unfair competition which could not be rendered fair by the disclaimer ordered by the District Court.

REASONS FOR GRANTING THE WRIT

I. The Decision Below Is In Conflict In Principle With The Decisions Of the Supreme Court In Sears And Compco.

The decision below is in conflict in principle with the decisions of the Supreme Court in *Sears Roebuck & Co. v. Stiffel Co.*, 376 U.S. 225 (1964) and in *Compco Corp. v. Day-brite Lighting, Inc.*, 376 U.S. 234 (1964). These decisions held that an unpatented, uncopyrighted item was in the public domain. In the *Sears* case, the item in question was a pole lamp which was unprotected by valid patent. In the *Compco* case, the item in question was a fluorescent lighting fixture unprotected by valid patent. In both cases the Supreme Court reversed the court below, holding that without protection of patent or copyright, the items in issue were in the public domain and could be freely duplicated.

Although the Fifth Circuit characterized the case as one "of first impression," the holding may fairly be said to be in conflict with the principles of the *Sears* and *Compco* decisions. In the instant case, the item involved is a piece of art work, more specifically an embroidered emblem. The Fifth Circuit spoke to the point directly in its opinion wherein it was said:

> "The difficulty with this case stems from the fact that a reproduction of the trademark itself is being sold, unattached to any other goods or services." 510 F.2d at 1010.

The Court further acknowledged that it was not normal that a trademark be used for the protection of the mark itself, using the following language:

> "The statutory and case law of trademarks is oriented

> toward the use of such marks to sell something other than the mark itself." 510 F.2d at 1010.

The initial purpose of respondents' use of these emblems was to identify the respondents' services, that is the public performance of the sport of hockey. Sometime after the uncopyrighted emblems had been widely published and became known to a substantial number of the public, trademark registrations were obtained. It therefore is apparent that the copyright was waived by publication, pursuant to 17 U.S.C. §§10 and 19. As was observed by Judge Hand in *National Comics Publications, Inc. v. Fawcett Publications, Inc.*, 191 F.2d 594, 598 (2d Cir. 1951):

> "It is of course true that the publication of a copyrightable 'work' puts that 'work' into the public domain except so far as it may be protected by copyright. That has been unquestioned law since 1774 . . . " .

Neither the Court of Appeals nor the District Court raise any question that copyright has been waived, and it therefore appears clear that the question then turns on whether the subject matter has been somehow removed from the public domain by operation of the trademark laws.

Because the only item being manufactured or sold is the mark itself, and it is uncopyrighted, the principles of *Sears* and *Compco* are applicable. The embroidered emblem or mark may be readily analogized to the print of a picture. Reproductions of the picture would be protected if there were a valid copyright. If not, the general public would be entitled to make copies and sell them at will. This result would follow because

the picture had been placed in the public domain by the failure of the creator to obtain statutory copyright protection.

If the picture, even though in the public domain, be adopted as a fanciful symbol for ones goods or services, then that person would be entitled to protection under the trademark laws against duplication of the picture *insofar as it is used to designate the goods or services,* and might register a valid trademark for that purpose. Thus, "Dutch Master Cigars" may claim trademark rights regarding use of Rembrandt's "Masters of the Cloth Guild" so long as they are acting against parties using that portrait in connection with the sale of competing goods or services. However, it does not follow that the trademark owner may utilize his trademark rights to enjoin a member of the public from merely duplicating and selling the pictures themselves apart from use with goods and services. The adoption of the trademark cannot extend the copyright protection previously forfeited or expired, and the public would be free to reproduce and use or sell the pictures.

Not only did the Fifth Circuit realize that the trademark itself was being sold, apart from any goods or services, but the testimony in the trial court by respondents' own witness was to the same effect. This witness was willing to adopt the analogy that an embroidered emblem, with the embroidery across a small cloth backing, was like a picture painted upon a canvas. (Tr. 134-135).

Were it concluded that the embroidered emblems in the instant case served to be self protecting because of the registration of the insignia of the emblem itself, then it would follow

that any person might appropriate pictures, insignia, and words from the public domain and protect them, in perpetuity, by merely sewing them on cloth backing. This would be clearly inconsistent with *Sears* and *Compco,* and likewise inconsistent with the purposes of both the trademark and copyright laws.

While respondents would have been able to prevent duplication and sale if they had not waived copyright, their exclusive rights even under 17 U.S.C. §1 would be, as is constitutionally required by Article I, Section 8, Clause 8, of a *limited duration.* This is in contrast to a trademark, which may last in perpetuity. It therefore becomes apparent why the respondents seek to protect the emblem per se by attempting to treat it as a trademark. Indeed, the Court of Appeals recognized this reason:

> "The time limit on copyright protection not being sufficient for plaintiff's purposes, they acquainted the public with their mark and thereby created a demand for those marks." 510 F.2d at 1014.

Moreover, the Court of Appeals observed that in the case of a trademark one may select "a word or design that might otherwise be in the public domain . . ." and that the individual may acquire a property right therein through use:

> "The acquisition of such a right through use represents the passage of a word or design out of the public domain into the protective ambits of trademark law." 510 F.2d at 1014.

The application of this principle by the Court of Appeals represents an obvious misunderstanding of the present state of trademark law. The word or design, long in the public domain,

remains in the public domain. The trademark proprietor's rights acquired in such words or designs *are limited by statute to the use of the word or design in connection with the sale of his goods or services.* The mark otherwise remains freely available for the public to use as it had previously, provided it is not applied to goods or services, or used in a way relating to the offering for sale of such goods or services which would cause, or be likely to cause, confusion with those of the trademark proprietor.

Consequently, it should be clear that a trademark, strictly of itself, unless it is a copyrighted design, may be copied and sold at will. The duplication and sale of a trademark per se, is the exercise of the right to use that which is in the public domain.

Further, the respondents could have reserved copyright on their marks, and nevertheless adopted them as their trademarks. Had this been done, the symbols would have been protectable per se until the end of the statutory monopoly provided by copyright 17 U.S.C. §24, and thereafter protectable *as a mark used with goods or services.* The result should be the same when the copyright is waived—the extent of protection given the symbols should be to prevent their use or sale in *connection with goods or services.* The dedicated symbol, as a thing of itself, is strictly in the public domain.

In short, copyright gives an author a statutory monopoly for a limited time. A trademark may last in perpetuity. To allow the Fifth Circuit decision to stand is to provide a means to obtain perpetual protection on creations of art in direct

contravention of the constitutional mandate permitting copyrights for a "limited time".

The Fifth Circuit appeared to recognize that the question presented was a difficult one and that its answer might change the balance of the law. Thus, the Court of Appeals stated that its

> "decision . . . may slightly tilt the trademark laws from the purpose of protecting the public to the protection of the business interests of plaintiffs . . . " . 510 F.2d at 1011.

It is submitted that not only would the trademark laws be tilted, but they would supercede and conflict with the copyright laws, as well as the normal concepts of public domain property, if the decision in question is allowed to stand.

In the present case it is particularly noteworthy that the District Court found that there was no likelihood of confusion because the usual purchaser would not be likely to think the petitioner's emblems were manufactured by or had any connection with respondents. The essence of this finding was recognized by the Court of Appeals at page 1012 of its opinion. In both *Sears* and *Compco*, it was concluded that even if likelihood of confusion were present, the items in the public domain still would not be protected by the law. Certainly, the present decision, in which the District Court has found that there is not any likelihood of confusion, cries out for a holding by this Court that the embroidered emblem itself, i.e., the mark itself, had been dedicated to the public and may be freely duplicated.

Such a holding would not compromise respondents' trade-

mark rights insofar as they exist for identifying respondents' goods and services. It would only keep respondents from having a monopoly in perpetuity on the marks themselves, apart from goods and services, and contrary to *Sears* and *Compco*.

The holding of the Fifth Circuit, which causes the conflict in principle herein discussed, alters the relationship between the copyright and trademark laws to such an extent that it is believed that a review by the Supreme Court is clearly warranted.

II. Important And Novel Questions Are Presented Which Relate To The Interface Between Statutory Copyrights, Which Are A Limited Monopoly, And Trademarks, Which May Endure In Perpetuity.

A copyright lasts for a limited number of years, as required by Article I, Section 8, Clause 8 of the Constitution. On the other hand, a trademark may exist in perpetuity as long as its use and policing is continued by the proprietor.

A broad question presented by this case is whether one may take an insignia, emblem, device, picture, or even word, from the public domain, and place it in embroidered form on a "patch" to create a perpetual monopoly for the resulting art form.

Yet another broad question presented is whether or not an uncopyrighted trademark may serve to protect itself apart from any goods.

The Court of Appeals, in deciding what it considered a case of "first impression," sought to justify its decision on the basis that the public would identify the emblems as being the

team's trademark, even though, apparently, the public might not necessarily think that the emblems were manufactured by or connected with the teams. The Court considered the respondents' argument as to source persuasive since the mark was "originated by the team." 510 F.2d at 1012. It may be that such emblems were "originated by the team", but there was no evidence submitted to support such a conclusion. It might be conceded that the emblems were popularized by the teams' hockey services, but this would be the extent of support in the record for the concept of origination. Even where origination was by the team, it is uncontroverted that no copyright was obtained. Moreover, it was uncontroverted that the emblems were widely published without application for copyright or any claim to copyright being made in any manner.

The extent of importance of the issues in this case are considerable even in a narrow sense, as many sport teams today utilize identifying insignia and such use will necessarily give rise to the question of the public's right to make and sell the emblems they wear. As an example of importance of this issue, recently the Appellate Court of Illinois, First Judicial District, decided a case similar to the present one involving the National Football League emblems. *National Football League Properties, Inc., v. Dallas Cap & Emblem, et al.*, ... Ill. App. 3d ....., 327 N.E.2d 247 (1975).

In summary, the broader question relates to how far the trademark laws will permit the divesting of property in the public domain, in apparent conflict with copyright laws; in the narrower sense, the question is whether emblems popular-

ized by teams in sporting activities may be removed per se from the public domain by use of the trademark laws. In either event, the question is urged to be substantial and justifies a resolution by this Court.

III. An Important Question Is Presented As To Whether The Amendment Of 15 U.S.C. §1114 Made A Substantial Change In The Substantive Nature Of The Trademark Law.

An important and heretofore undecided question is presented concerning the proper interpretation to be given a significant statute, 15 U.S.C. §1114(1). More specifically, the question is whether the 1962 amendment to this statute made a major change in the substantive nature of the trademark law.

The Fifth Circuit Court of Appeals pointed out that it had previously held that "the findings of a district court as to likelihood of confusion are factual and not to be overturned unless clearly erroneous." 510 F.2d at 1012. This observation was made by the Court after recognizing that the "district court decided that there was no likelihood of confusion because the usual purchaser . . . would not be likely to think that defendant's emblems were manufactured by or had some connection with plaintiffs." 510 F.2d at 1012. Apparently, however, the Court of Appeals concluded that the 1962 amendment made to 15 U.S.C. §1114 changed the law to "eliminate the source of origin as being the only focal point of confusion." 510 F.2d 1012. Having concluded that the District Court had not appreciated the scope and importance of what the Fifth Circuit considered to be the change in the law, the findings by the District Court were ignored or perhaps brushed aside as irrelevant.

It is clear that no substantial change was intended by or made by the 1962 change of Section 17 of the Lanham Act, 15 U.S.C. §1114. A review of the legislative history shows that the change in this section was effected to make it parallel to a similar change made in Section 2(d) of the Lanham Act, 15 U.S.C. §1052(d). S. Rep. No. 2107, 87th Cong., 2d Sess, 1962 U.S. Code Cong. & Admin. News 2844, 2850. The change made in Section 2(d) of the Act was discussed in Senate Report No. 2107, September 18, 1962. In that report the legislative intent was revealed as follows:

> " . . . *The purpose of the proposed change is to coordinate the language here with that used elsewhere and to omit the word 'purchasers', since the provision actually relates to potential purchasers as well as to actual purchasers. The word 'purchasers' is eliminated so as to avoid the possibility of misconstruction of the present language of the statute.*" S. Rep. No. 2107, 87th Cong., 2d Sess, 1962 U.S. Code Cong. & Admin. News 2844, 2847 (emphasis added).

Moreover, as the chairman of the committee which originally promulgated the 1962 housekeeping amendments observed, the amendments to these sections were simply for the purpose of avoiding any exclusion of "potential" purchasers from those that might be confused, and "therefore does not change existing case law," Hoge, The Lanham Act Housekeeping Amendments, 52 Trademark Reporter 1245, 1249 (1962).

In view of this legislative history, no intent to change the focus of the substantive law in Section 17 of the Lanham Act, 15 U.S.C. §1114, can be inferred, except perhaps as it might relate to confusing "potential purchasers." It should be noted

that no question of distinction between actual and potential purchasers is involved in the present case. Still, likelihood of confusion in the purchasing (and potential purchasing) public remains the thrust of the law as to deciding whether or not an infringement exists.

Many, many trademark and unfair competition cases are decided annually in this country, and it is submitted that a change away from the focus of the "source of origin" of the goods is a substantial and even radical departure from the prevailing interpretation of the law. It is believed this case provides the Court with an opportunity to exercise its supervisory authority to clarify what effect, if any, the 1962 change has made on the substantive trademark law.

IV. The Court Below Erred In Concluding That A Trademark Might Be Utilized To Recapture That Which Has Passed Into The Public Domain.

It is apparent that a trademark is not a copyright. Nevertheless, the Court of Appeals failed in correctly defining the difference between the two, and erred in giving a perpetual monopoly to a public domain work of art.

As was previously stated under Section I hereof, the Court recognized that the item being sold was "a reproduction of the trademark itself . . ., unattached to any other goods or services." 510 F.2d at 1010. After recognizing this fact, the Court nevertheless applied 15 U.S.C. §1114 to reverse the District Court and hold that the public's identification of the emblem "as being the team's trademarks" was reason enough to meet

"the confusion or deceit" requirements of the law. 510 F.2d at 1012.

It is believed that the decision below resulted from a misapplication of 15 U.S.C. §1114, which in turn led the Court to set aside the District Court's finding that Section 1125 was not violated. The Fifth Circuit concluded "that confusion is self evident from the nature of defendant's use." Thus, the holding with respect to 15 U.S.C. §1114 of likelihood of confusion was boot strapped by the Court to a finding that there was false designation of origination or false description by means of symbols, sufficient to meet 15 U.S.C. §1125. It would seem apparent that the standing of the Fifth Circuit's holding on 15 U.S.C. §1114 is the sole framework on which its analysis of 15 U.S.C. §1125 must rest, and the latter will apparently fall or stand with the former.

It should be noted that there is not a scintilla of evidence of record to show a specific intent by petitioner that the public recognize and purchase the emblems as emblems authorized by the respondents. Moreover, in its discussion about 15 U.S.C. §1125, the Court again stated what is believed to be an improper test:

> "Where the consuming public had the certain knowledge that the source and origin of the trademark symbol was in the Toronto team the reproduction of that symbol by defendant constituted violation of §1125." 510 F.2d at 1012-1013.

It should be noted that the Court is preoccupied with the source and origin of the *symbol*, as opposed to source and origin of goods and services which is designated by a symbol.

Because only the symbol itself is in question, apart from goods and services, the error in analysis is apparent.

In summary, it is believed that the Court below misinterpreted and misapplied the law, and as a result, concluded that there was statutory infringement under 15 U.S.C. §1114 as well as infringement against Toronto under 15 U.S.C. §1125. It is submitted that this holding was clearly in error, and should be reversed.

V. Decision Below Is In Conflict With The Supremacy Clause Of The Constitution Insofar As It Applies the State Common Law Of Unfair Competition To Protect A Work of Art Per Se On Which Statutory Copyright Has Been Waived.

The decision below is believed to be in conifict with Article VI, Clause 2, of the Constitution.

The United States patent and copyright laws have preempted the field relating to a monopoly on any product, thing, or work of art. This is made clear by the *Sears* and *Compco* decisions, and will not be belabored at this point.

The decision below finds:

> " . . . that there is substantial evidence which reflects that defendant competed unfairly with plaintiffs . . . " 510 F.2d at 1013.

With this conclusion, the Court of Appeals reversed the District Court's holding that a simple disclaimer would make it clear that the emblem being sold was not actually "authorized" by the team. The District Court was only concerned with the value of an authorized versus unauthorized emblem, and rec-

ognized that the Court would be acting beyond the powers of the law to enjoin the duplication and sale of an item in the public domain.

Petitioner still takes no exception to the District Court's requirement that a disclaimer be displayed on its emblems but strongly urges that prohibition of the sale of the article itself under state law of unfair competition violates the Supremacy Clause and such result must not be permitted. As was said in the *Sears* case:

> "[A] State may not, when the article is unpatented and uncopyrighted, prohibit the copying of the article itself or award damages for such copying." 376 U.S. at 232-233.

CONCLUSION

For the reasons stated and referred to above, it is respectfully requested that the Petition for Writ of Certiorari should be granted.

Respectfully submitted,

D. CARL RICHARDS
WILLIAM D. HARRIS, JR.
ROGER C. CLAPP
2420 Republic Nat. Bank Tower
Dallas, Texas 75201
(214) 742-8013

J. MANUEL HOPPENSTEIN
3710 Republic Nat. Bank Tower
Dallas, Texas 75201
Atorneys for Petitioner.

BOSTON PROFESSIONAL HOCKEY ASSOCIATION, INC., et al.,
Plaintiffs-Appellants,

v.

DALLAS CAP & EMBLEM MFG., INC., Defendant-Appellee.

No. 73-2592.

United States Court of Appeals,
Fifth Circuit.

April 7, 1975.

Appeal from the United States District Court for the Northern District of Texas.

Before BROWN, Chief Judge, and GODBOLD and RONEY, Circuit Judges.

RONEY, Circuit Judge:

Nearly everyone is familiar with the artistic symbols which designate the individual teams in various professional sports. The question in this case of first impression is whether the unauthorized, intentional duplication of a professional hockey team's symbol on an embroidered emblem, to be sold to the public as a patch for attachment to clothing, violates any legal right of the team to the exclusive use of that symbol. Contrary to the decision of the district court, we hold that the team has no interest in its own individualized symbol entitled to legal protection against such unauthorized duplication.

The National Hockey League (NHL) and thirteen of its

member hockey teams[1] brought this action to enjoin Dallas Cap & Emblem Manufacturing, Inc., from manufacturing and selling embroidered emblems depicting their trademarks. All plaintiffs assert a cause of action for common law unfair competition. The NHL and twelve of the plaintiff teams have secured federal registration of their team symbols as service marks for ice hockey entertainment services and seek relief under both provisions of the Lanham Act, 15 U.S.C.A. §§ 1114, 1125, which give statutory protection to such marks. The Toronto team has not secured federal registration of its symbol and, thus, has not alleged a cause of action against defendant for infringement of a registered mark under 15 U.S. C.A. § 1114, but is restricted to § 1125 which can encompass unregistered marks. The Vancouver team did not secure registration until after the alleged infringing act and has sued only for injunctive relief under § 1114, not for damages. None of the symbols of the various teams have been copyrighted.

The district court denied Lanham Act relief and granted only limited relief for unfair competition, requiring solely that defendant place on the emblems or the package a notice that the emblems are not authorized by or have not emanated from the plaintiffs. The claim for damages was denied.

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1. Boston Professional Hockey Association, Inc. (Boston Bruins); Niagara Frontier Hockey Corporation (Buffalo Sabres); Charles O. Finley & Company, Inc. (California Golden Seals); Chicago Blackhawk Hockey Team, Inc. (Chicago Black Hawks); The Detroit Hockey Club, Inc. (Detroit Red Wings); California Sports Incorporated (Los Angeles Kings); Northstar Financial Corporation (Minnesota North Stars); Madison Square Garden Corporation (New York Rangers); The Philadelphia Hockey Club, Inc. (Philadelphia Flyers); Pittsburgh Penguin Partners (Pittsburgh Penguins); Missouri Arena Corporation (St. Louis Blues); Maple Leaf Gardens, Limited (Toronto Maple Leafs); Medical Investment Corporation (Vancouver Canucks).

The Facts

The controlling facts of the case at bar are relatively uncomplicated and uncontested. Plaintiffs play ice hockey professionally. In producing and promoting the sport of ice hockey, plaintiffs have each adopted and widely publicized individual team symbols. During the 1971-72 season, more than eight million fans attended NHL games where they saw the team marks displayed on the jersey-fronts of the players and throughout the game programs. For each game on national television, between ten and twenty million hockey enthusiasts saw plaintiffs' marks. Other fans observed the team marks during more than 300 locally televised games a season and on a weekly television series entiled "National Hockey League Action" which is syndicated in over 100 markets. These figures do not include the millions who were exposed to plaintiffs' marks through sporting news coverage in newspapers, magazines and on television.

Plaintiffs have authorized National Hockey League Services, Inc. (NHLS) to act as their exclusive licensing agent. NHLS has licensed various manufacturers to use the team symbols on merchandise and has granted to one manufacturer, Lion Brothers Company, Inc., the exclusive license to manufacture embroidered emblems depicting the marks in question. In the spring of 1972, NHLS authorized the sale of NHL team emblems in connection with the sale of Kraft candies. That promotion alone was advertised on more than five million bags of candy.

Defendant Dallas Cap & Emblem Manufacturing, Inc., is

in the business of making and selling embroidered cloth emblems. In August of 1968 and June of 1971, defendant sought to obtain from NHLS an exclusive license to make embroidered emblems representing the team motifs. Although these negotiations were unsuccessful, defendant went ahead and manufactured and sold without authorization emblems which were substantial duplications of the marks. During the month of April 1972, defendant sold approximately 24,603 of these emblems to sporting goods stores in various states. Defendant deliberately reproduced plaintiffs' marks on embroidered emblems and intended the consuming public to recognize the emblems as the symbols of the various hockey teams and to purchase them as such.

The Law

The complaint alleged that defendant's manufacture and sale of the team symbols constitutes (1) an infringement of the plaintiffs' registered marks in violation of 15 U.S.C.A. § 1114;[2] (2) false designation of origin in violation of 15 U.S.C.A. § 1125;[3] and (3) common law unfair competition.

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[2] 15 U.S.C.A. § 1114 reads in pertinent part:
(1) Any person who shall, without the consent of the registrant
(a) use in commerce any reproduction, conterfeit, copy or colorable imitation of a registered mark in connection with the sale, offering for sale, distribution, or advertising of any goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive;

* * * * * * *

shall be liable in a civil action by the registrant for the remedies hereinafter provided.

[3] 15 U.S.C.A. § 1125 reads in pertinent part:
(a) Any person who shall affix, apply, or annex, or use in connection with any goods or services, or any container or containers for goods, a false designation of origin, or any false description or representation, including words or other symbols tending falsely to describe or rep-

The statutory cause of action emanates from what is commonly called the Lanham Act. 15 U.S.C.A. § 1051 et seq. The Lanham Act defines a service mark as "a mark used in the sale or advertising of services to identify the services of one person and distinguish them from the services of others" and a trademark as "any word, name, symbol, or device or any combination thereof adopted and used by a manufacturer or merchant to identify his goods and distinguish them from those manufactured or sold by others." 15 U.S.C.A. § 1127. Service mark infringement and trademark infringement are governed by identical standards. The terms can be used interchangeably when the marks are both service marks and trademarks. For convenience we use the word trademark in this opinion to designate both service mark and trademark use of the symbols involved.

A cause of action for the infringement of a registered mark in violation of 15 U.S.C.A. § 1114 exists where a person uses (1) any reproduction, counterfeit, copy or colorable imitation of a mark; (2) without the registrant's consent; (3) in commerce; (4) in connection with the sale, offering for sale, distribution or advertising of any goods; (5) where such use is likely to cause confusion, or to cause mistake or to deceive. A broadening of the protection afforded by the statute occurred by amendment in 1962 which deleted the previously existing requirement that the confusion or deception must relate to the

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resent the same, and shall cause such goods or services to enter into commerce, . . . shall be liable to a civil action by any person doing business in the locality falsely indicated as that of origin or in the region in which said locality is situated, or by any person who believes that he is or is likely to be damaged by the use of any such false description or representation.

"source of origin of such goods or service." Pub.L. 87-772, § 17, 76 Stat. 773 (1962). Continental Motors Corp. v. Continental Aviation Corp., 375 F.2d 857, 860 at n. 8 (5th Cir. 1967).

While this Court has rejected the view that the Lanham Act brought all claims of unfair competition in interstate commerce within the federal question jurisdiction of the federal courts, Royal Lace Paper Works, Inc. v. Pest-Guard Products, Inc., 240 F.2d 814 (5th Cir. 1957), this Court has recognized that 15 U.S.C.A. § 1125 creates a federal cause of action for false representation of goods or services in commerce. American Heritage Life Ins. Co. v. Heritage Life Ins. Co., 494 F.2d 3 (5th Cir. 1974); Alum-A-Fold Shutter Corp v. Folding Shutter Corp., 441 F.2d 556 (5th Cir. 1971). The statute is broadly worded and proscribes not only "a false designation of origin" but also the use of "any false description or representation, including words or other symbols tending falsely to describe or represent . . . goods or services" in commerce. The use of an unregistered trademark can constitute a violation of § 1125 where

> . . . the alleged unregistered trademarks used by the plaintiff are so associated with its goods that the use of the same or similar marks by another company constitutes a representation that its goods come from the same source.

Joshua Meier Co. v. Albany Novelty Mfg. Co., 236 F.2d 144, 147 (2nd Cir. 1956). *See* Sutton Cosmetics, Inc. v. Lander Co., 455 F.2d 285 (2nd Cir. 1972); Federal-Mogul-Bower Bearings, Inc. v. Azoff, 313 F.2d 405 (6th Cir. 1963); State of Florida v. Real Juices, Inc. 330 F.Supp. 428 (M.D.Fla.1971); Scarves

by Vera, Inc. v. United Merchants & Manufacturers, Inc., 173 F.Supp. 625 (S.D.N.Y. 1959). *See also* Hesmer Foods, Inc. v. Campbell Soup Co., 346 F.2d 356 (7th Cir. 1965). *See generally* I. R. Callman, Unfair Competition, Trademarks and Monopolies § 18.2(b) (1967). Under § 1125, the registration of a mark is not a prerequisite of recovery as it is under § 1114.

Unfair competition is a broader area of the law than statutory trademark infringement. B. H. Bunn Co. v. AAA Replacement Parts Co., 451 F.2d 1254 (5th Cir. 1971). Unfair competition is almost universally regarded as a question of whether the defendant is passing off his goods or services as those of the plaintiff by virtue of substantial similarity between the two, leading to confusion on the part of potential customers. Volkswagenwerk Aktiengesellschaft v. Rickard, 492 F.2d 474, 478 (5th Cir. 1974). As stated in American-Marietta Co. v. Krigsman, 275 F.2d 287 (2nd Cir. 1960),

> The whole basis of the law of "unfair competition" . . . is that no one shall sell his goods in such a way as to make it appear that they come from some other source. The simplest form of this is to use the name or trademark of another, but the law goes further than that.

275 F.2d at 289. As a general rule, therefore, the same facts which would support an action for trademark infringement would also support an action for unfair competition.

The Case

The difficulty with this case stems from the fact that a reproduction of the trademark itself is being sold, unattached to any other goods or services. The statutory and case law of

trademarks is oriented toward the use of such marks to sell something other than the mark itself. The district court thought that to give plaintiffs protection in this case would be tantamount to the creation of a copyright monopoly for designs that were not copyrighted. The copyright laws are based on an entirely different concept than the trademark laws, and contemplate that the copyrighted material, like patented ideas, will eventually pass into the public domain. The trademark laws are based on the needed protection of the public and business interests and there is no reason why trademarks should ever pass into the public domain by the mere passage of time.

Although our decision here may slightly tilt the trademark laws from the purpose of protecting the public to the protection of the business interests of plaintiffs, we think that the two become so intermeshed when viewed against the backdrop of the common law of unfair competition that both the public and plaintiffs are better served by granting the relief sought by plaintiffs.

Underlying our decision are three persuasive points. *First*, the major commercial value of the emblems is derived from the efforts of plaintiffs. *Second*, defendant sought and ostensibly would have asserted, if obtained, and exclusive right to make and sell the emblems. *Third*, the sale of a reproduction of the trademark itself on an emblem is an accepted use of such team symbols in connection with the type of activity in which the business of professional sports is enaged. We need not deal here with the concept of whether every artistic reproduction of the symbol would infringe upon plaintiffs' rights. We restrict ourselves to the emblems sold principally through sporting goods

stores for informal use by the public in connection with sports activities and to show public allegiance to or identification with the teams themselves.

As to 15 U.S.C.A. § 1114.

Plaintiffs indisputably have established the first three elements of a § 1114 cause of action. Plaintiffs' marks are validly registered and defendant manufactured and sold emblems which were (1) substantial duplications of the marks, (2) without plaintiffs' consent, and (3) in interstate commerce. The issue is whether plaintiffs have proven elements four and five of an action for mark infringement under the Lanham Act, i. e., whether the symbols are used in connection with the sale of goods and whether such use is likely to cause confusion, mistake or deception.

The fourth requisite of a § 1114 cause of action is that the infringing use of the registered mark must be in connection with the sale, offering for sale, distribution or advertising of any goods. Although the district court did not expressly find that plaintiffs had failed to establish element four, such a finding was implicit in the court's statement that "in the instant case, the registered trademark is, in effect, the product itself."

Defendant is in the business of manufacturing and marketing emblems for wearing apparel. These emblems are the products, or goods, which defendant sells. When defendant causes plaintiffs' marks to be embroidered upon emblems which it later markets, defendant uses those marks in connection with the sale of goods as surely as if defendant had embroidered the marks upon knit caps. *See* Boston Professional Hockey

Association, Inc. v. Reliable Knitting Works, Inc., 178 USPQ 274 (E.D.Wis.1973). The fact that the symbol covers the entire face of defendant's product does not alter the fact that the trademark symbol is used in connection with the sale of the product. The sports fan in his local sporting goods store purchases defendant's fabric and thread emblems because they are embroidered with the symbols of ice hockey teams. Were defendant to embroider the same fabric with the same thread in other designs, the resulting products would still be emblems for wearing apparel but they would not give trademark identification to the customer. The conclusion is inescapable that, without plaintiffs' marks, defendant would not have a market for his particular product among ice hockey fans desiring to purchase emblems embroidered with the symbols of their favorite teams. It becomes clear that defendant's use of plaintiffs' marks is in connection with the sale, offering for sale, distribution, or advertising of goods and that plaintiffs have established the fourth element of a § 1114 cause of action.

The fifth element of a cause of action for mark infringement under 15 U.S.C.A. § 1114 is that the infringing use is likely to cause confusion, or to cause mistake or to deceive. The district court decided that there was no likelihood of confusion because the usual purchaser, a sports fan in his local sporting goods store, would not be likely to think that defendant's emblems were manufactured by or had some connection with plaintiffs. *Cf.* Sun-Maid Raisin Growers of California v. Sunaid Food Products, Inc., 356 F.2d 467 (5th Cir. 1966). This court has held that the findings of a district court as to likelihood of confusion are factual and not to be over-

turned unless clearly erroneous. Hang Ten International v. Sherry Manufacturing Co., 498 F.2d 326 (5th Cir. 1974); American Foods, Inc. v. Golden Flake, Inc., 312 F.2d 619 (5th Cir. 1963). In this case, however, the district court overlooked the fact that the act was amended to eliminate the source of origin as being the only focal point of confusion. The confusion question here is conceptually difficult. It can be said that the public buyer *knew* that the emblems portrayed the teams' symbols. Thus, it can be argued, the buyer is not confused or deceived. This argument misplaces the purpose of the confusion requirement. The confusion or deceit requirement is met by the fact that the defendant duplicated the protected trademarks and sold them to the public knowing that the public would identify them as being the teams' trademarks. The certain knowledge of the buyer that the source and origin of the trademark symbols were in plaintiffs satisfies the requirement of the act. The argument that confusion must be as to the source of the manufacture of the emblem itself is unpersuasive, where the trademark, originated by the team, is the triggering mechanism for the sale of the emblem.

The plaintiffs, with the exception of Toronto, have satisfied all elements of a cause of action for mark infringement in violation of 15 U.S.C.A. § 1114. Plaintiffs are entitled to an injunction permanently enjoining defendant from the manufacture and sale, in interestate commerce, of emblems embroidered with substantial duplications of plaintiffs' marks without plaintiffs' consent, and such other relief as might flow from the facts.

As to 15 U.S.C.A. § 1125.

The district court held that plaintiffs failed to prove a cause of action under 15 U.S.C.A. § 1125 for false designation of origin of the goods in question or for false description by means of symbols. Because all plaintiffs, with the exception of Toronto, have established a cause of action for registered mark infringement, the district court's decision in regard to a § 1125 cause of action only affects plaintiff Toronto. The district court based its denial of a § 1125 cause of action on two findings of fact: (1) there was no likelihood of confusion as to the source of the emblems and (2) defendant did not make any false representations concerning the origin of the emblems. Our decision that confusion is self-evident from the nature of defendant's use of plaintiffs' marks applies with equal force in plaintiff Toronto's case. We reverse.

On appeal, defendant does not contest that the facts establish the use necessary to give Toronto service mark protection. Defendant simply argues that the mere imitation of a product cannot constitute a false designation of origin or a false representation concerning goods in commerce under § 1125.

In the case *sub judice*, defendant did not merely copy a product of the Toronto team. Defendant reproduced Toronto's common law mark on embroidered emblems with the intent that the public recognize and purchase the emblems as the symbol of the Toronto team. In the language of § 1125, defendant used a symbol, Toronto's mark, which tended falsely to represent goods, the embroidered emblems, in commerce. Where the consuming public had the certain knowledge that the source and origin of the trademark symbol was in the

Toronto team, the reproduction of that symbol by defendant constituted a violation of § 1125.

To warrant injunctive relief under § 1125, a plaintiff must demonstrate that the false representations have a tendency to deceive the consumer. Geisel v. Poynter Products, Inc., 283 F.Supp. 261 (S.D.N.Y. 1968). Our decision that defendant's use of plaintiffs' marks entails a likelihood of confusion under §1114 establishes that defendant's identical use of Toronto's mark constitutes a false representation under § 1125. *See* Girl Scouts v. Personality Posters Mfg. Co., 304 F.Supp. 1228 (S.D.N.Y. 1969). Accordingly, we reverse the decision of the district court and hold that Toronto has established a cause of action under 15 U.S.C.A. § 1125.

As to Unfair Competition.

Although the district court denied plaintiffs relief under the applicable provisions of the Lanham Act, the court found that the actions of defendant constituted unfair competition. The court stated that defendant's use of plaintiffs' marks had ". . . the prospect of trading on the competitive advantage the mark originator has to the public which desires the 'official' product." Unfair competition is a question of fact, Volkswagenwerk Aktiengesellschaft v. Rickard, 492 F.2d 474 (5th Cir. 1974). Our review is narrowly circumscribed by F.R.Civ.P. 52(a). We find that there is substantial evidence which reflects that defendant competed unfairly with plaintiffs and, accordingly, we affirm the decision of the district court in this regard.

The unfair competition cannot, however, be rendered fair by the disclaimer ordered by the district court. The exact

duplication of the symbol and the sale as the team's emblem satisfying the confusion requirement of the law, words which indicate it was not authorized by the trademark owner are insufficient to remedy the illegal confusion. Only a prohibition of the unauthorized use will sufficiently remedy the wrong.

Additional Defenses to Relief

Defendant makes two arguments against an extension of Lanham Act protection to plaintiffs which need consideration. Adopting the district court's rationale, defendant asserts first, that plaintiffs' marks when embroidered on emblems for wearing apparel are functional and, thus, serve no trademark purpose and, second, that there is some overriding concept of free competition which, under the instant facts, would remove plaintiffs from the protective ambits of the Lanham Act.

The short answer to defendant's arguments is that the emblems sold because they bore the identifiable trademarks of plaintiffs. This fact clearly distinguishes the case from Pagliero v. Wallace China Co., 198 F.2d 339 (9th Cir. 1952), relied upon by the district court. *Pagliero* involved designs on chinaware which were neither trademarked, patented nor copyrighted. The court found no unfair competition on the ground that the designs were functional, that is, they connoted other than a trademark purpose. "The attractiveness and eye-appeal of the design sells the china," 198 F.2d at pp. 343-344, not the trademark character of the designs. In the case at bar, the embroidered symbols are sold not because of any such aesthetic characteristic but because they are the trademarks of the hockey teams. Those cases which involved utilitarian articles

such as pole lamps, Sears, Roebuck & Co. v. Stiffel Co., 376 U.S. 225, 84 S.Ct. 784, 11 L.Ed.2d 661 (1964), fluorescent lighting fixtures, Compco Corp. v. Day-Brite Lighting, Inc., 376 U.S. 234, 84 S.Ct. 779, 11 L.Ed.2d 669 (1964) and toggle clamps, West Point Mfg. Co. v. Detroit Stamping Co., 222 F.2d 581 (6th Cir. 1955), all involved products which had a consumer demand regardless of their source or origin. The principles involved in those cases are not applicable to a trademark symbol case where the design or symbol has no demonstrated value other than its significance as the trademark of a hockey team.

The argument that the symbols could be protected only if copyrighted likewise misses the thrust of trademark protection. A trademark is a property right which is acquired by use. Trade-Mark Cases, 100 U.S. 82 (1879). It differs substantially from a copyright, in both its legal genesis and its scope of federal protection. The legal cornerstone for the protection of copyrights is Article I, section 8, clause 8 of the Constitution. In the case of a copyright, an individual creates a unique design and, because the Constitutional fathers saw fit to encourage creativity, he can secure a copyright for his creation for a period of 28 years, renewable once. After the expiration of the copyright, his creation becomes part of the public domain. In the case of a trademark, however, the process is reversed. An individual selects a word or design that might otherwise be in the public domain to represent his business or product. If that word or design comes to symbolize his product or business in the public mind, the individual acquires a property right in the mark. The acquisition of such a right

through use represents the passage of a word or design out of the public domain into the protective ambits of trademark law. Under the provisions of the Lanham Act, the owner of a mark acquires a protectable property interest in his mark through registration and use.

The time limit on copyright protection not being sufficient for plaintiffs' purposes, they acquainted the public with their marks and thereby created a demand for those marks. Through extensive use, plaintiffs have acquired a property right in their marks which extends to the reproduction and sale of those marks as embroidered patches for wearing apparel. What plaintiffs have acquired by use, the substantive law of trademarks as it is embodied in the Lanham Act will protect against infringement. There is no overriding policy of free competition which would remove plaintiffs, under the facts of this case, from the protective ambits of the Lanham Act.

Defendant argues to us that the district court decision can be sustained on an alleged antitrust defense. The district court considered the antitrust defense solely in connection with plaintiffs' unfair competition claim and held that defendant had failed to prove that plaintiffs had used their marks in violation of the antitrust laws. Accordingly, the district court drew an order striking defendant's antitrust defense, at least insofar as defendant asserted the defense against the unfair competition action. The district court did not reach this defense in connection with the Lanham Act claim, and neither do we. There has been no cross-appeal from the order of the district court striking the defense as asserted against the unfair competition cause of action, and since we affirm the finding of

unfair competition and direct only a change in the relief that should have been provided, as to that cause of action the matter is evidently not still open for litigation. Nevertheless, we leave these matters for the district court to unravel on a remand of this case for such further proceedings as are consistent with this opinion. Revised and remanded.

UNITED STATES COURT OF APPEALS
For the Fifth Circuit

October Term, 1973

No. 73-2592
D. C. Docket No. CA-3-6318-B

BOSTON PROFESSIONAL HOCKEY ASSOCIATION, INC., ET AL.,
Plaintiffs-Appellants,

versus

DALLAS CAP & EMBLEM MFG., INC.,
Defendant-Appellee.

Appeal from the United States District Court for the Northern District of Texas

Before BROWN, Chief Judge, and GODBOLD, and RONEY, Circuit Judges.

JUDGMENT

This cause came on to be heard on the transcript of the record from the United States District Court for the Northern District of Texas, and was argued by counsel;

ON CONSIDERATION WHEREOF, It is now here ordered and adjudged by this Court that the judgment of the said District Court in this cause be, and the same is hereby, affirmed in part and reversed in part; and that this cause be, and the same is hereby remanded to the said District Court for further proceedings consistent with the opinion of this Court;

It is further ordered that defendant-appellee pay to plaintiffs-appellants, the costs on appeal to be taxed by the Clerk of this Court.

Issued as Mandate: April 7, 1975

IN THE UNITED STATES COURT OF APPEALS
FOR THE FIFTH CIRCUIT

No. 73-2592

BOSTON PROFESSIONAL HOCKEY ASSOCIATION, INC., ET AL.,
Plaintiffs-Appellants,

versus

DALLAS CAP & EMBLEM, MFG., INC.,
Defendant-Appellee.

Appeal from the United States District Court for the Northern District of Texas

ON PETITION FOR REHEARING

(June 4, 1975)

Before BROWN, Chief Judge and GODBOLD and RONEY, Circuit Judges.

PER CURIAM:

IT IS ORDERED that the petition for rehearing filed in the above entitled and numbered cause be and the same is hereby denied.

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION

BOSTON PROFESSIONAL HOCKEY ASSOCIATION, INC., **et al.**

v.

DALLAS CAP & EMBLEM MFG., INC.

CA 3-6318-B

United States District Court, N. D. Texas

Dallas Division.

May 15, 1973.

Memorandum Opinion and Judgment

HUGHES, District Judge.

The National Hockey League and thirteen of its member teams have brought this action against Dallas Cap & Emblem Manufacturing, Inc., to enjoin the defendant from making and selling embroidered cloth emblems embodying the plaintiffs' registered trademarks and service marks. The plaintiffs have charged that the defendant's reproduction of their symbols constitutes (1) an infringement of the plaintiffs' registered marks, except for the Toronto team which has no registered mark, in violation of 15 U.S.C. § 1114 (Counts 1 & 2); (2) unfair designation of origin as to all plaintiffs in violation of 15 U.S.C. § 1125 (Counts 3 & 4); and (3) common law unfair competition (Counts 5 & 6). Plaintiffs have sued for injunctive relief and for damages on each claim. The defendant has denied any infringement or deceptive practices and has alleged

as a defense that plaintiffs have used their mark in violation of the antitrust laws.

Each hockey team and the league have a symbol which consists of a distinctive pictorial design or motif. The plaintiffs except for Toronto have secured federal registration of their symbols as service marks for rendering ice hockey entertainment services. Vancouver secured a registration after the alleged infringing acts and has sued only for injunctive relief. In addition, the St. Louis Blues and the Minnesota North Stars have registered their symbols as trademarks for certain goods. None of the symbols of plaintiffs have been copyrighted.

The plaintiff teams individually in the past have authorized certain manufacturers to use their marks in connection with the distribution and sale of products. Plaintiffs' Answer to Interrogatories No. 3, Filed Jan. 11, 1973. The plaintiffs have authorized the National Hockey League Services, Inc. (NHLS) to act as their exclusive licensing agent for their names and symbols. The NHLS has licensed various manufacturers to use the plaintiffs' symbols on merchandise. Among the products so licensed are embroidered cloth emblems and various products upon which manufacturers may place cloth emblems, e. g., knit caps. The NHLS has granted to one manufacturer, Lion Brothers Company, Inc., the exclusive license to make embroidered emblems depicting plaintiffs' symbols. Licensing Agreement, Plaintiff Ex. No. 11. No other licensee for the manufacture of embroidered emblems could be authorized during the one year term (1972) of the agreement. Plaintiffs' Admission No. 5, Defendant Ex. No. 17.

The defendant is in the business of manufacturing and selling embroidered cloth emblems. It has made and sold emblems which are substantial duplications of the plaintiffs' marks without authorization from the NHL or the member teams or the licensing agent. The present action arose from these sales.

Plaintiffs contend in their first cause of action that they have the exclusive right to use their marks in commerce in connection with goods and services covered by their federal registrations. They complain that defendant's reproduction, copying, and imitating of their marks is an infringement as proscribed in Section 32(1) of the Lanham Act, 15 U.S.C. § 1114(1). The courts interpreting this section have held that "[a] cause of action for trademark infringement exists, . . . where an individual uses a trademark (1) without consent; (2) in connection with the sale of goods; (3) where such use is likely to cause confusion or to deceive purchasers as to the source or origin of the goods." Franchised Stores of New York, Inc. v. Winter, 394 F.2d 664, 665 (2d Cir. 1968).

The defendant does not dispute that it has produced and marketed emblems which were substantial duplications of plaintiffs' marks without plaintiffs' consent. The disputed element is whether defendant's use created a likelihood of confusion or mistake or deception as to the source of the subject goods or service. *See* John R. Thompson Co. v. Holloway, 366 F.2d 108, 112 (5th Cir. 1966).

"The primary and proper function of a trademark is to identify the origin or ownership of the article to which is affixed." Hanover Star Milling Co. v. Metcalf, 240 U.S. 403,

412, 36 S.Ct. 357, 360, 60 L.Ed. 713 (1916). In United Drug Co. v. Theodore Rectanus Co., 248 U.S. 90, 39 S.Ct. 48, 63 L.Ed. 141 (1918) the Supreme Court stated that a trademark's "function is simply to designate the goods as the product of a particular trader and to protect his good will against the sale of another's product as his . . . ." 248 U.S. at 97, 39 S.Ct. at 51.

Registration of a trademark does not preclude all copying of the mark. "It is not a copyright . . . A trademark only gives the right to prohibit the use of it so far as to protect the owner's good will against the sale of another's product as his." Prestonettes, Inc. v. Coty, 264 U.S. 359, 368, 44 S.Ct. 350, 351, 68 L.Ed. 731 (1924). The Supreme Sourt has declared that absent a copyright or design patent or "other federal statutory protection" an article may be copied or duplicated by competitors. Compco Corp. v. Day-Brite Lighting, Inc., 376 U.S. 234, 238, 84 S.Ct. 779, 11 L.Ed.2d 669 (1964).

The plaintiffs have urged that their federal registrations create a statutory protection against the copying of their marks by the defendant. This, however, is not the case. The test is not whether the products in question are duplications of their marks, but whether the defendant's use of the mark would mislead the public as to the source of the goods.

The determination of whether confusion, mistake or deception as to the source or origin of the emblems is likely to arise from the defendant's use is a question of fact. The court must decide whether or not a prospective purchaser is likely to conclude that the cloth emblems emanate from the

mark owners, that is, have a common origin. The evidence fails to reflect any confusion.

The plaintiffs are recognized primarily as organizations which produce ice hockey entertainment. They have not shown that their reputation extends to the ornamental use of embroidered emblems. Even in the case of the St. Louis and Minnesota trademarks, the evidence reveals that the St. Louis trademark application was initially rejected because the mark was considered an ornamentation and not a designation of source. Defendant's Ex. No. 18. There is no testimony that a purchaser of an emblem of defendant was deceived into believing he was purchasing a team emblem. Defendant's emblems are sold merely as ornamental decoration and there is no evidence that they were not purchased for that purpose.

It is significant to note that none of the alleged infringing emblems bears any designation of the name of the city which the team represents. They merely consist of copies with significant differences of team symbols. They are clearly distinguishable.

In marketing its emblems, the defendant has not attempted to palm them off as originating from the plaintiffs, nor to trade on the name of the individual mark owners. Moreover, plaintiffs have failed to show that the defendant's marketing and use of the imitated emblems has resulted in any impairment to either plaintiffs' marks or to its primary business — hockey. After considering all the evidence adduced at trial, this court must conclude that the evidence does not suggest that the public would be confused, misled or deceived about the

source of the respective emblems. The plaintiffs, therefore, have failed to establish this essential criterion under § 1114 of the act.

A further consideration in connection with plaintiffs' first cause of action is whether the plaintiffs' use of the team symbols in connection with the embroidered cloth emblems is a "trademark use" which would bring it within the ambit of the rights and protection of the Lanham Act.

A "trademark" use of a design arises when the value of the feature is limited to creating a demand for the goods because it is associated with a particular source. The feature then is exclusively a marketing tool and is characterized as non-functional. When the distinctive motifs create a demand for goods because of the design and the goods have no substantial value without the design, the use of the design is considered to be a non-trademark use and the design feature becomes functional.

In Pagliero v. Wallace China Co., 198 F.2d 339 (9th Cir. 1952) the plaintiff attempted to enjoin the use of a design placed on a china plate. Relief was refused because the design was not copyrighted, and when used on the china did not perform a trademark purpose:

> "Where the features are 'functional' there is normally no right to relief. 'Functional' in this sense might be said to connote other than a trademark purpose. If the particular feature is an important ingredient in the commercial success of the product, the interest in free competition permits its imitation in the absence of a patent or copyright . . . [O]ne of the essential selling features of hotel china, if, indeed, not the primary, is the design. The attractiveness

and eye-appeal of the design sells the china." 198 F.2d at 343-344.

The Supreme Court's decisions in Sears, Roebuck & Co. v. Stiffel Co., 376 U.S. 225, 84 S.Ct. 784, 11 L.Ed.2d 661 (1964) and Compco Corp. v. Day-Brite Lighting, Inc., 376 U.S. 234, 84 S.Ct. 779, 11 L.Ed.2d 669 (1964) raised the issue about the protection afforded to designs for which the creator has secured neither a design patent nor a copyright. One commentator has propounded the following statement of the law as a result of these decisions:

> "An unpatented or uncopyrighted article may be freely copies in all its functional elements and the first user cannot claim secondary meaning for any such functional feature. Nor can he lay claim to exclusivity of use thereof on the theory that he expended substantial monies in building his business based thereon. The right to imitate cannot, however, be exercised in a manner that would deceive the public concerning the origin of the goods. If on the other hand, an unpatented or uncopyrighted design, which is a non-functional element of an article, is either distinctive as a designation of origin or has otherwise obtained secondary meaning its registration as a trademark under the Lanham Act will entitle it to protection against imitation." 3 Callman, Unfair Competition, Trademarks and Monopolies § 77.4(5) (3d ed. 1969).

The designs of the plaintiffs' symbol can be characterized as functional because these have become "an important ingredient in the commercial success of the product." Pagliero v. Wallace China Co., 198 F.2d at 343. When an artistic rendition creates a demand in the market which is unrelated to its feature as an indicia of source, the law will not afford that design protection under the trademark laws. In the instant case,

the registered trademark is, in effect, the product itself. The marks have achieved intrinsic value to a segment of the consuming public which may be attracted to their aesthetic features and to their characteristics as a patch to be used on apparel or for collecting. See, e. g. Plaintiffs' Ex. No. 12.

In this area of the economy the protection of the trademark law must give way to the public policy favoring free competition.

To hold that plaintiffs can prohibit the imitation of the team symbols because of the trademark registration would be to grant to the mark owners protection which is tantamount to a copyright monopoly. Plaintiffs therefore have no right to relief under the Lanham Act against the defendant's copying and selling emblems denoting their team symbols.

The plaintiffs' second cause of action is for false designation of the origin of the subject goods, or for a false description by means of symbols tending falsely to describe the goods in violation of 15 U.S.C. § 1125. This claim is not supported in view of the court's findings that there is no likelihood of confusion as to the source of the emblems and that the marks do not serve as a designation of the origin of the emblems. *See* Girl Scouts v. Personality Posters Mfg. Co., 304 F.Supp. 1228, 1231 (S.D.N.Y. 1969). Moreover, the evidence fails to establish that the defendant has made any false representations concerning the origin of the emblems in the packaging or marketing of its competing emblems. Nor does the evidence show that the defendant has purported to sell its emblems under the guise of being the official emblem or of having been

authorized by the plaintiffs so that one may infer the origin in the plaintiffs. The court, therefore, concludes that the plaintiffs have failed to sustain the action set out in Counts 3 and 4 against the defendant.

The plaintiffs' third cause of action alleges that the defendant's use of their mark constitutes unfair competition. While this court has decided that there is no likelihood of confusion as to the source of the subject emblems to merit a finding of trademark infringement, the court in applying the rules of equity in this count must decide whether the defendant's imitation of plaintiffs' marks is calculated to deceive or mislead the public.

In determining the issue of trademark infringement, the court further found that the defendant had not directly "palmed off" its emblems as those of plaintiffs and had not endeavored to trade on the reputation of the plaintiffs as a source of emblems. Moreover, the plaintiffs have not shown that the defendant's action has caused them any damage to their business or marks up to this time.

Although there is no technical infringement under the trademark laws, the law of the unfair competition covers the broader question of prevention of injury to the plaintiffs' business. Here, the defendant's use has the prospect of trading on the competitive advantage the mark originator has to the public which desires the "official" product.

Although the defendant may have the right to copy the symbols of the plaintiffs, the imitator has an additional burden to "take reasonable steps to inform the prospective

purchasers that the goods which he markets are not those of the other." Restatement of the Law of Torts § 741(b)(ii) (1938); *see* Intricate Metal Products, Inc. v. Schneider, 324 F.2d 555, 562 n. 3 (9th Cir. 1963). In the interest of fair commercial dealing, the public has the right to have the source of competing goods clearly distinguished when the origin may have an impact on the value of the goods. In this instance, the designation of the defendant's emblem to indicate that it is not official would establish that it has no connection with the plaintiffs' symbols. The designation of origin in this way is, of course, an intangible feature, but it is one which bears directly on the good will of the mark owner.

This court recognizes that it has substantial latitude in fashioning an equity decree. "The essence of equity jurisdiction has been the power of [the trial court] to do equity and to mould each decree to the necessities of the particular case." Hecht Co. v. Bowles, 321 U.S. 321, 329, 64 S.Ct. 587, 592, 88 L.Ed. 754 (1944). The defendant in its argument and brief has suggested that the court could require "that defendant affix a label to the back of the emblems stating 'not authorized by National Hockey League or its members.' " Defendant's Tr. Br. p. 16. Such a notice would serve to distinguish the source of the goods and to protect plaintiffs' good will. Similar forms of notice have been approved as means to inform the public that the competing mark has no connection with a trademark owner. Smith v. Chanel, Inc., 402 F.2d 562 (9th Cir. 1968); Societe Comptoir v. Alexander's Department Stores, Inc., 299 F.2d 33 (2d Cir. 1962). The defendant, therefore, should be enjoined from continuing to manufacture and sell emblems

depicting plaintiffs' marks without appropriate disclaimers of authorization and/or conspicuous designations of source. Such notice should be placed either on the article or on the packaging. This remedy serves the interests of the public by preserving competition in the product while eliminating any unfair appropriation of plaintiffs' good will as originators.

As a defense to the trademark infringement charges, the defendant has alleged that plaintiffs have used their marks in a scheme to violate the antitrust laws. The defendant has raised the antitrust violation only in the context of a defense to trademark infringement rather than as a counter-claim for damages or other relief. When considered in this context, the defense affects the plaintiffs' claim to an incontestable right to use the mark and the claim to certain statutory presumptions. Carl Zeiss Stiftung v. V. E. B. Carl Zeiss, Jena, 298 F.Supp. 1309 (S.D.N.Y. 1969), modified on other grounds, 433 F.2d 686 (2d Cir. 1970), cert. denied, 403 U.S. 905, 91 S.Ct. 2205, 29 L.Ed.2d 680 (1971).

Since this court has found that there has been no trademark infringement, a determination of the merits of the antitrust defense as it applies to this claim would be superfluous. However, there remains the question of the applicability of the antitrust claim as a defense to the charges of common law unfair competition. The court has held that the actions of the defendant constitute unfair competition for which injunctive relief should be granted. It is recognized, however, that courts of equity will not grant injunctive relief to a party who comes into court with "unclean hands." *See* Lee v. Reynolds, 137 U.S.P.Q. 41 (N.D.Tex. 1962), aff'd, 313 F.2d 638 (5th Cir.

1963). The doctrine of unclean hands is a defense to a claim for injunctive relief in an unfair competition case, and the courts have concluded that antitrust violations may constitute unclean hands. Phi Delta Theta Fraternity v. J. S. Buchroeder & Co., 251 F.Supp. 968 (W.D.Mo. 1966). In the present action, the defense of unclean hands arising from the antitrust violation concerns the very rights which the plaintiffs have invoked this court to protect. The issue then is whether the defendant can establish that plaintiffs have used their trademark to violate the antitrust laws.

The defendant has alleged that the plaintiffs have conspired to violate Sections 1 and 2 of the Sherman Act.

The first ground for the violation involves a claim that plaintiffs have restrained trade through contracts which amount to tying agreements. The defendant charges that the joint licensing agreement between National Hockey League Services and Lion Bros. constitutes an illegal tying arrangement. The alleged scheme is an arrangement of tying the grant of the exclusive license for a product, e. g. a cap, to a requirement that one of the components, e. g. an emblem, be purchased from an exclusive, authorized source.

The plaintiffs have denied that there is any tying arrangement in their contracts, but have stated that the contracts are exclusive dealing arrangements which are legal. The evidence supports the finding that the contracts constitute valid exclusive dealing contracts rather than tying arrangements. While the agreement states that Lion Bros. is the exclusive dealer, and that it will sell exclusively to licensees, there is no

evidence that the other licensees for products may not turn to manufacturers other than Lion Bros. for their emblems. On the contrary, the testimony of the president of the licensing agent reveals that it would consider requests of licensee-suppliers who wished to purchase items from non-authorized sources (Ruck Deposition pp. 28, 30-32; Defendant's Exhibit 10; See Plaintiffs' Reply to Request for Admissions, Defendant's Exhibit No. 17, Replies Nos. 15, 20, 27, 28). When there are competing suppliers of goods from whom a licensee may purchase, the exclusive dealing agreements are valid. *See* Packard Motor Car Co. v. Webster Motor Car Co., 100 U.S.App.D.C. 161, 243 F.2d 418, 420 (1957).

The defendant has also failed to adduce any evidence that the alleged tying agreement has curtailed competition in the market in which defendant competes. The defendant has the burden of showing that the contract has acted to restrain trade and limit competition. The defendant has also failed to show that the contract would tend to produce a monopoly in the relevant market of embroidered emblems. Each of these facts is essential to establishing a claim of antitrust violation. Standard Oil Co. of California v. United States, 337 U.S. 293, 298-299, 69 S.Ct. 1051, 93 L.Ed. 1371 (1949); Warriner Hermetics, Inc. v. Copeland Refrigeration Corp., 463 F.2d 1002 (5th Cir. 1972).

This court's prior holding that the defendant's manufacturing and sale of the plaintiffs' symbols does not constitute a trademark infringement conclusively establishes that there is no violation of the antitrust laws. The alleged monopoly power of the plaintiffs in their trademark has been effectively limited

in the market of embroidered emblems. The plaintiffs have no power to control the market in the allegedly "tied" product — the emblems. Albert H. Cayne Equip. Corp. v. Union Asbestos & Rubber Co., 220 F.Supp. 784, 788 (S.D. N.Y. 1963).

The defendant's second and third contentions of violations concern the charge of joint action and a group boycott by the plaintiffs and their licensees to restrain trade in the emblem market. Defendant argues that plaintiffs have engaged in joint action to prohibit the sale of emblems by the licensed manufacturer to any customer other than those approved by plaintiffs. In addition, defendant contends that through the granting to one exclusive licensee for each product the plaintiffs have created a group boycott against competing manufacturers. A review of the evidence, however, indicates that defendant's proof of these claims is wholly deficient.

Although the plaintiffs admit that no licensee has secured emblems from any source other than Lion Brothers, this alone is not a course of conduct which is violative of the antitrust laws. The uncontroverted evidence in this case reflects that plaintiffs do not limit the manufacture or sale of trademark items to their respective licensee. Defendant's Exhibit No. 10, Ruck Dep. pp. 21, 28. The plaintiffs have stated that they are always open to approving the use of emblems from other manufacturers when the licensee does not or cannot produce a competitive product. Ruck Dep. p. 28. Plaintiffs admit that there has not been an instance when a non-licensed emblem manufacturer has been approved for supplying emblems to licensee or other purchasers, but they deny that this fact is a result of a conspiracy to restrain or eliminate trade. See Def't's

Ex. No. 17, Replies Nos. 15, 20 & 28. The plaintiffs have stated that the reason no other emblem manufacturer has been approved for licensee use or other sales is not because there is a prohibition against this activity but rather because there has been no request or inquiry for approval. Defendant's Ex. No. 17, Replies Nos. 15, 20 & 28; Ruck Dep. p. 33.

The defendant has failed to adduce any evidence of a conspiracy among the plaintiffs to refuse to deal with defendant. Furthermore, the defendant has failed to produce any evidence of a conspiracy among the plaintiffs and their licensees to boycott defendant's goods or other manufacturer's goods. The paucity of evidence introduced by the defendant fails to create any preponderance which could support the conclusion that plaintiffs have violated the antitrust laws.

The plaintiffs have stated that their control over their licensees, including the manufacturer of the emblem is for the purpose of insuring the quality of those goods which are sold with their authorization. There has been no evidence to controvert the statements of plaintiffs that there was no conspiracy or agreement among plaintiffs to exclude defendants or any other competitor from bidding for the business of a licensee by providing goods of the quality required by plaintiffs.

Although defendant has charged that the alleged illegal conduct represented per se violations of the antitrust laws which obviates proof of anticompetitive effects, this court notes that there has been no evidence that the actions of the plaintiffs have created any restraint of trade against the defendant or in the relevant market. The plaintiffs' licensing agreements do

not involve an exercise of any monopoly power over the emblem market or any other licensee market.

For its fourth ground of antitrust violation, the defendant has raised a novel charge in alleging that the plaintiffs' use of a uniform royalty for the licensed goods using each team symbol constitutes a per se price-fixing violation. It is clear under the facts of this case that the plaintiffs have merely asked for a uniform rate of return from the sale of licensed goods. There is no evidence that plaintiffs or any of their licensees have conspired among themselves or with others to fix the price of certain goods. When one considers the way in which the market functions, the court must conclude that the method by which the plaintiffs license their marks is reasonable and may be said to facilitate commerce rather to restrain it. The defendants have failed to prove that there has been any combination to fix prices or royalties on the subject goods which had the effect of restraining commerce.

Having heard the evidence adduced at trial, the arguments and briefs of the parties and having considered all these matters and for all the reasons hereinabove stated it is hereby

Ordered, Adjudged and Decreed that the plaintiffs prayer for injunctive relief and for damages under the claim of trademark infringement as stated in Counts I and II of the complaint is in all things denied; and it is further

Ordered, Adjudged and Decreed that the plaintiffs' prayer for injunctive relief and for damages under the claim of false designation of origin as stated in Counts III and IV of the complaint is in all things denied; and it is further

Ordered, Adjudged and Decreed that the plaintiffs' prayer for injunctive relief as stated in Count V for unfair competition is hereby granted and the defendant is hereby enjoined from selling any embroidered or cloth emblems which substantially depict the plaintiffs' symbols which have been registered as service marks or trademarks with the United States Patent Office without appropriate disclaimers as suggested hereinabove that the said emblems are not authorized or have not emanated from the plaintiffs unless otherwise agreed by the parties; and it is further

Ordered, Adjudged and Decreed that the plaintiffs' prayer for damages under Count VI of the complaint is denied; and it is further

Ordered, Adjudged and Decreed that the defendant's defense of antitrust violations is hereby stricken and denied.

Each party to bear his own costs.

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION

BOSTON PROFESSIONAL HOCKEY
ASSOCIATION, INC. *et al.*

v.

DALLAS CAP & EMBLEM MFG., INC.

CA 3-6318-B

JUDGMENT

On March 29, 1973, came on to be heard the above styled and numbered cause. Having heard the evidence adduced at trial, the arguments and briefs of the parties and having considered all the matters and for all the reasons stated in the *Memorandum Opinion and Judgment* filed by this Court on May 15, 1973, IT IS HEREBY

ORDERED, ADJUDGED and DECREED that the plaintiffs' prayer for injunctive relief and for damages under the claim of trademark infringement as stated in Counts I and II of the complaint is in all things denied; and it is further

ORDERED, ADJUDGED and DECREED that the plaintiffs' prayer for injunctive relief and for damages under the claim of false designation of origin as stated in Counts III and IV of the complaint is in all things denied; and it is further

ORDERED, ADJUDGED and DECREED that the plaintiffs' prayer for injunctive relief as stated in Count V for unfair competition is hereby granted and the defendant is

hereby enjoined from selling any embroidered or cloth emblems which substantially depict the plaintiffs' symbols which have been registered as service marks or trademarks with the United States Patent Office without appropriate disclaimers as suggested hereinabove that the said emblems are not authorized or have not emanated from the plaintiffs unless otherwise agreed by the parties; and it is further

ORDERED, ADJUDGED and DECREED that the plaintiffs' prayer for damages under Count VI of the complaint is denied; and it is further

ORDERED, ADJUDGED and DECREED that the defendant's defense of antitrust violations is hereby stricken and denied.

Each party to bear his own costs.

SIGNED and ENTERED on this 18th day of April, 1974.

Sarah T. Hughes

UNITED STATES DISTRICT JUDGE